

Determining Your Financial Needs - Questions To Ask

1. Do you need more capital or can you manage within the existing cash flow?

If you have trouble paying your obligations on time, you may need an infusion of working capital.

Use the space below to brainstorm or write notes about this question as it relates to your business.

2. What is the nature of your need?

You should determine whether you need money to start or expand your business or as a cushion against risk.

Use the space below to brainstorm or write notes about this question as it relates to your business.

3. How urgent is your need?

Whenever possible, it's better to anticipate your needs rather than have to look for money under pressure. It is harder to gain approval for a loan when your company is already in trouble, so plan ahead and secure financing well in advance of a crisis.

Use the space below to brainstorm or write notes about this question as it relates to your business.

4. How great are your risks?

All businesses carry risk, and the degree of risk will affect both the cost of your loan and the financing alternatives available to you.

Use the space below to brainstorm or write notes about this question as it relates to your business.

5. In what state of development is your business?

Needs are generally more critical during transitional stages-startup and expansion being two of the most urgent and costliest stages.

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6. For what purposes will the capital be used?

Lenders will need to know your specific intentions for the money to assure themselves that your business will thrive and that repayment is assured.

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7. What is the state of your industry?

Whether your industry is depressed, stable, or fast-growing will have a distinct effect on your search for funding sources. Businesses that prosper in tough economic times will generally receive better funding terms.

Use the space below to brainstorm or write notes about this question as it relates to your business.

8. Is your business seasonal or cyclical?

Seasonal needs for funding are generally short-term, and consist of smaller loans with a quicker maturation. Loans advanced for cyclical industries, such as construction, are designed to support a business through depressed periods-these industries are sometimes known as “feast and famine” businesses, as the cash flow is often erratic and unpredictable.

Use the space below to brainstorm or write notes about this question as it relates to your business.

9. How strong is your management team?

Effective management is an important element of business. Your lender will be looking for a strong managerial presence. Use the space below to brainstorm or write notes about this question as it relates to your business.

10. How does your need for financing mesh with your business plan?

If you don't have a business plan yet, make it a priority to write one. All lenders will want to see a solid, well-thought-out business plan for the startup and growth of your business.

Use the space below to brainstorm or write notes about this question as it relates to your business.

Use this page to write other thoughts or ideas you have about financing options for your business.